

Chairman's Report 3rd Quarter 2011

Dear Shareholders,

On behalf of the Board of Directors of National Hospitality Institute SAOG ("NHI"), I am pleased to present to you unaudited financial statements for the 3rd quarter ended 30th Sept. 2011.

Financial Performance

The company has posted a consolidated net loss of Rials 69k for the period from revenue of Rials 456k as against net loss of Rials 159k and revenue of Rials 454k in previous year. The revenues are 2k higher than last year. The principle impact that caused last year's poor result and the further deterioration of this year's losses are the reduced allocation of trainees for Government-sponsored courses and receivables.

Environment

This year has seen some extraordinary events take place in the area of public/ private sector employment. With the accelerated recruitment into the public sector many private sector companies have lost some of their key workers and are now in need of replacements. This leaves your company in a good position to provide training and skills to these new requirements. Your company has been actively discussing recruitment issues with companies and currently have vacancies for over 200 jobs after training. In addition to this your company has been building its database of young Omanis interested in these jobs and now have over 400 on its database. However the funding mechanism to fund the training is not yet clear going forward, and your company and the private sector awaits clarification.

Diversification

Despite the continued challenges in the administration of Govt. funded training, your company has achieved record revenues in its private training and recruitment divisions. These revenues have been achieved through the delivery of customer centered solutions where employers are seeing the benefits of your company's products. Your company has become a specialist in understanding the specific requirements of their clients and tailoring the courses / solutions to suit without any loss of quality. These new revenues have allowed your company to be achieve a profit for the month of September 2011.

Forward Outlook

We continue to drive the development of our people to be attuned to the needs of the market and now employ a flexible team dedicated to their roles. Your company owns

a unique mix of skills which appeal to hospitality and non hospitality companies who like the constant innovation approach that they deliver. With the recent changes in recruitment and the need to hire semi skilled workers there is a growing need for strategic staff development programmes which your company can deliver. In addition to these your company now offers one stop shop for employers who require a mix of ministry funded training , fast track private training and direct recruitment.

Your company has been pleased to have worked alongside some of the newest entrants to the Hospitality market i.e. New Renaissance Permanent Accommodation for Contractors at Bahja and Marmul. These facilities have dramatically improved the living conditions of oilfield workers, Sifaway Hotel and Marina Beach Resort at Siffa which includes integrated apartments and villas available for purchase, Wave Golf Club which is part of the new facilities available to Wave residents and others. In addition to these your company is in discussion with Muriya for their Salalah Hotel and Leisure project.

It is our sincere intention to act as a key facilitator at this critical juncture to meet the nations Omanisation objectives in this sector. We can justly look back with some pride at the achievements of NHI and the contribution it has made to getting Omanis into meaningful jobs in the hospitality sector. We aim to leverage our experience and work with the relevant authorities to deliver on our part of the commitment made by his Majesty toward the people of Oman.

Tarik Al Said

Chairman